

November 4, 2003

The Honorable Bill Frist
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Tom Daschle
Democratic Leader
United States Senate
Washington, D.C. 20510

The Honorable Bill Frist and the Honorable Tom Daschle:

We urge you to oppose the energy market oversight amendment that we understand will be offered by Senators Feinstein, Levin and Lugar.

Similar versions of this amendment have twice been rejected by the United States Senate on April 10, 2002 and, most recently, on June 11, 2003. Although the draft amendment reflects changes since it was last defeated, the initiative still contains inappropriate additional layers of regulation and would undermine the legal certainty provisions of the Commodity Exchange Act (CEA) that are considered to be central to the accomplishments achieved as part of the Commodity Futures Modernization Act (CFMA) in 2000. Such sweeping modifications to existing law will negatively impact the recovering energy trading markets and encourage business to be conducted in jurisdictions outside of the United States.

Remedial actions responding to Enron have occurred on all fronts. As the President's Working Group on Financial Markets noted in their June 11 letter opposing the previous version of the amendment, actions by various federal agencies against wrongdoing in the energy markets have resulted in substantial monetary penalties and other sanctions. These actions make clear that wrongdoers in the energy markets are fully subject to the significant authority of federal and state authorities. Led by the CFTC, federal and state authorities are currently investigating 32 companies and since last year the Commission has entered into six settlements collecting a total of \$96 million in civil money penalties from energy companies and power merchants for attempting to manipulate energy prices.

For these reasons we believe that adoption of the energy market oversight amendment is ill-advised. We ask that you again oppose the latest version of this amendment during Senate consideration.

Sincerely,

**American Bankers Association
ABA Securities Association
Association for Financial Professionals
The Bond Market Association
EMTA
Financial Services Roundtable
The Foreign Exchange Committee
Futures Industry Association
International Swaps and Derivatives Association
Managed Funds Association
National Mining Association
Securities Industry Association**

cc: The United States Senate

